

ENTWISTLE & CAPPUCCI LLP

ATTORNEYS AT LAW

299 PARK AVENUE

NEW YORK, NEW YORK 10171-1499

TELEPHONE: (212) 894-7200

TELECOPIER: (212) 894-7272

www.entwistle-law.com

AUSTIN, TX

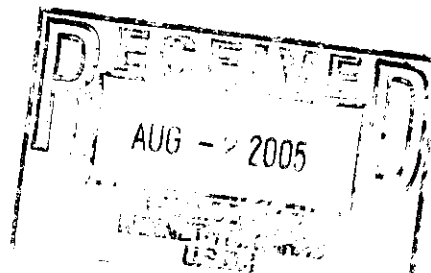
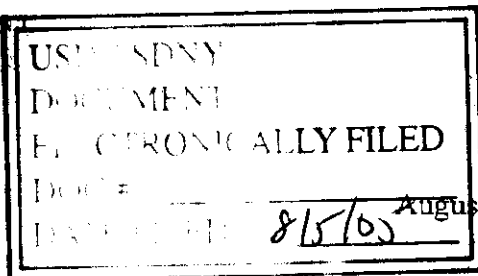
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VIA FACSIMILE

Honorable Kenneth M. Karas, U.S.D.J.
The Daniel J. Patrick Moynihan Courthouse
500 Pearl Street
New York, New York 10007-1312

Re: Frontier Insurance Co. v. Dwight Halvorson Insurance Services, et al.,
04 Civ. 3361 (KMK)

Dear Judge Karas:

We represent plaintiff Gregory V. Serio, Superintendent of Insurance of the State of New York, as both the Rehabilitator of Frontier Insurance Company ("FIC") and Assignee of Platinum Indemnity, Ltd., in the above-referenced matter. We write to update Your Honor on the mediation of FIC's claims against defendant Dwight Halvorson Insurance Services, Inc. ("DHIS").

Your Honor will recall that the formal mediation session was rescheduled for July 25, 2005 so as to accommodate DHIS's request for additional information. FIC complied with DHIS's request and provided additional documentation and data. Prior to the scheduled mediation date, however, DHIS raised additional objections to FIC's damages calculations and requested that the mediation be adjourned so as to resolve these objections.

We initially objected to any further delay. However, the mediator encouraged us to adjourn the session in order to allow DHIS to articulate its objections to FIC's damages calculations. During a conference call this afternoon, DHIS outlined four discrete reservations with respect to FIC's damages calculations. In his ongoing effort to keep this mediation on track, the mediator today directed DHIS to provide FIC with a detailed, written outline of its objections with supporting documentation. This submission is due on August 15, 2005. The parties have scheduled a drop-dead mediation date of September 14, 2005. (The mediator's vacation schedule and other factors precluded an earlier date.) If the parties do not proceed with

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mediation on this date, they have agreed to jointly request that the Court lift the stay now in place so that FIC can pursue its claims in this Court.

Under the circumstances, at the direction of the mediator and on behalf of both FIC and DHIS, we respectfully request that the Court continue the stay of that portion of the above-referenced action involving FIC's claims against DHIS so that the parties can proceed with the mediation next month. Should Your Honor require any further information in this regard, please let us know. If Your Honor prefers, the AAA mediator, Philip Zimmerman, can be contacted directly at (201) 797-2397.

Thank you in advance for your consideration.

Respectfully submitted,

William Gyves Imam

William S. Gyves (WG 2770)

WSG/ed

cc: Lorienton N.A. Palmer, Esq. (via facsimile)
Philip Zimmerman, CPA (via facsimile)

The stay will continue. The parties are directed to report the status of the mediation when there is a material change, or, in any event no later than October 1, 2005.

SO ORDERED

[Signature]
KENNETH M. KARAS U.S.D.J.